

The real estate inflation rate for the third quarter of 2025 is 1.3%

The real estate price index in Saudi Arabia experienced a slowdown in the annual real estate inflation rate during the third quarter of 2025, with the annual rate of change reaching 1.3%, compared to 3.2% in the second quarter of the same year. This slowdown occurred amid a decline in the performance of the residential sector, which holds the largest relative weight in the index, as its annual rate of change dropped from 0.4% in the second quarter to -0.9% in the third quarter. Meanwhile, other sectors continued to record notable increases, led by the commercial sector, which rose by 6.8% (Figure 1).

Year-on-year developments in residential and commercial sectors in Q3 2025

Data shows that real estate prices in the commercial sector experienced an increase during Q3 of 2025 compared to the corresponding quarter of the previous year. The commercial sector, which holds a weight of 25.4% in the index, recorded a 6.8% increase, driven primarily by a 7.2% rise in the prices of commercial land, which constitutes 22.8% of the index weight. Additionally, the commercial sector recorded price increases of 3.3% in buildings and 1.1% in showrooms.

Conversely, the residential sector experienced a decline in Q3 of 2025 compared to the same quarter last year, reflecting a slowdown in price growth throughout the year. The sector registered a decrease of 0.9%, driven by a 0.9% decline in residential land prices and a 1.7% decrease in apartment prices. In contrast, prices of villas increased by 0.2%, and residential floors rose by 0.3% (Figure 2).

Real estate prices decrease by 1.1% on a quarterly basis in Q3 2025

The real estate price index experienced a quarterly decline of 1.1% during Q3 of 2025 compared to the previous quarter (Q2 of 2025).

The quarterly real estate index was affected by a 1.1% decrease in the residential sector, driven by declines in residential land prices by 0.8%, apartment prices by 1.1%, and villa prices by 2.5%. Conversely, prices for residential floors increased by 0.6%. Similarly, prices in the commercial sector declined by 1.6%, influenced by a 1.8% decrease in commercial land prices and a 0.5% decrease in showroom prices, while prices for commercial buildings rose by 1.0%.

On the other hand, prices in the agricultural real estate sector increased by 7.3% compared to Q2 of 2025, reflecting a 7.3% rise in the prices of agricultural land.

Annual real estate price movements by administrative regions

In terms of the impact of administrative regions on the annual change in the real estate price index, which reached 1.3% nationwide during the third quarter of 2025, the Riyadh region experienced a slowdown in the pace of real estate price growth, recording an increase of 1.0% compared to 3.6% in the second quarter of 2025.

Meanwhile, the Eastern Province recorded the highest rise in real estate prices at 6.1%, followed by Najran at 3.7%, Tabuk at 3.4%, and Makkah at 1.9%.

In contrast, the regions of Hail, Northern Borders, and Madinah experienced the steepest declines, with decreases of 7.3%, 7.7%, and 8.0% respectively (Figure 3).

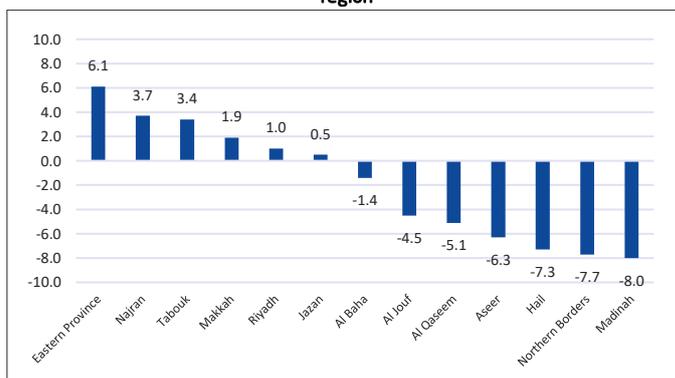
Figure 1. Annual Change (%) in Real Estate Prices for Major Real Estate Sectors - Q3 2025



Figure 2. Annual change (%) in real estate prices for major residential types - Q3 2025



Figure 3. Annual change (%) in real estate prices for Q3 of 2025 by administrative region



Methodology and Quality

The Real Estate Price Index (REPI) is a statistical tool used to measure the relative change in real estate prices in the Kingdom of Saudi Arabia. It is based on data from available real estate transactions within the Kingdom. The General Authority for Statistics calculates the index on a quarterly basis, providing a detailed breakdown by sector and property type across all administrative regions.

The base year for the index is set to 2023. The General Authority for Statistics has adopted a new methodology for calculating the REPI in collaboration with the General Real Estate Authority, the Ministry of Justice, and the Saudi Central Bank. This updated methodology aims to enhance the quality and transparency of real estate price data in accordance with international best practices.

To achieve this, a geospatial artificial intelligence (Geo AI) model is utilized to process various types of real estate transactions and link them to multiple data sources and satellite imagery. This approach improves the accuracy of real estate classification and enhances the quality of available data.

Data according to the updated methodology has been published starting from the third quarter of 2024.

For more details, please refer to the Reference [Methodology and Quality Report](#) and [Tables](#).